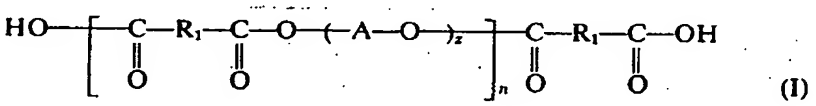
REMARKS/ARGUMENTS

Preliminarily, Applicants would like to thank Examiner McCulley for the helpful discussion during the telephonic interview on June 30, 2010.

Reconsideration and allowance of the present application based on the following remarks are respectfully requested.

In response to the Examiner's comments and additional search results reported in the Examiner-Initiated Interview Summary, the Examiner has cited U.S. Patent Publication No. 2003/0191272 ("Flosbach") stating that Flosbach teaches, in paragraphs 27, 32, and 37, the ratio of dimer fatty acids to non-dimer fatty acids as in pending claim 45. The Examiner has also cited U.S. Patent No. 3,816,365 ("Schmid") stating that Schmid teaches the claimed polyester impact modifier with an epoxy resin and adducted to an epoxy resin. For at least the following reasons, the claims are believed to be patentable over the cited references.

Applicants note that Schmid is directed towards forming epoxy polyester resins containing dimer fatty acids. Specifically, acid polyesters derived from dimer fatty acids are reacted with polyepoxide compounds to prepare dicarboxylic acid compounds of Formula (I), as shown below (*see* Schmid at col. 1, lines 59-68):



(I)

Schmid's dicarboxylic acid compounds of Formula (I) are prepared from 1 equivalent of epoxide groups to 0.03-1 equivalents of the acid polyester being employed. The resulting dicarboxylic acid compounds of Formula (I) are then cured with carbocyclic carboxylic acid anhydrides (*see* Schmid at Abstract).

Applicants further note that Flosbach is directed towards coating compositions containing an olefinic double bond, wherein the composition comprises a hydroxyl-functional polyester urethane, at least one binder and/or reactive diluent, and at least one cross-linking agent. In particular, the binders of Flosbach comprise olefinic double bonds, such as unsaturated polyesters, polyurethane (meth)acrylates, and epoxy resin (meth)acrylates. Accordingly, the olefinic double bond containing compositions of Flosbach will not phase separate.

In contrast to the above cited references, the polyester impact modifier of the pending claims comprises, *inter alia*, a weight ratio of epoxy resin:impact modifier in the range from 1.5 to 20:1. Moreover, the heat curable epoxy resin compositions of the pending claims, comprise, *inter alia*, a polymeric impact modifier and an epoxy resin, wherein the epoxy resin is a glycidyl epoxy resin. Accordingly, Applicants submit that the pending claims are patentable over Schmid and Flosbach, either alone or in combination.

Therefore, all objections and rejections having been addressed, it is respectfully submitted that the present application is in a condition for allowance and a Notice to that effect is earnestly solicited.

Should any issues remain unresolved, the Examiner is encouraged to contact the undersigned attorney for Applicants at the telephone number indicated below in order to expeditiously resolve any remaining issues.

Respectfully submitted,

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